

APPENDIX C. Low Income Programs in Arizona

One of the first actions taken by the low income issues working group was to review the current condition of Arizona's low income residents and to identify what low income program are currently being undertaken in the state of Arizona. The group looked at programs funded through utility, federal, state, and local sources and the delivery mechanisms for these programs. The group then attempted to identify which low income programs are affected by the introduction of electric competition in Arizona. Current low income programs include weatherization activities, rate discounts, bill assistance, and education. The group addressed current low income programs through consensus recommendation numbers 1, 1A, and 5, shown below:

1. At a minimum, preserve the existing low income programs and funding for the affected utilities including rate discounts, weatherization, bill assistance, and education.

1A. Current levels of rate discounts to customers at current benefits levels should continue irrespective of energy supplier.

5. A low income customer needs assessment should be conducted.

The group identified four basic low income utility programs which can assist low income customers in receiving affordable energy service: rate discounts, bill assistance, weatherization, and energy education.

The table below shows electric utility funded low income programs at the present time and the estimated annual budget for each program. It should be noted that these are only budget estimates and that these numbers change from year to year. Funding sources vary from program to program and may include general utility funds and shareholder contributions.

Utility	Rate Discounts	Weatherization	Bill Assistance	Total Funding
Arizona Public Service	\$3,950,000	\$375,000	\$125,000	\$4,450,000
Citizens Utilities	\$100,000	\$70,000	None	\$170,000
Salt River Project	\$55,291	None	\$120,000	\$175,291
Tucson Electric Power	\$1,750,000	\$200,000	\$240,000	\$2,190,000
Total Funding	\$5,855,291	\$645,000	\$485,000	\$6,985,291

The following table lists low income programs in Arizona, grouped by federal, state, and utility/private programs. The approximate funding level of each low income program is also given. A brief description of each low income program is provided below the table, followed by a table indicating the number of residential customers served by both affected and non-affected utilities in Arizona.

	Approximate Funding Level
<i>Federal Programs</i>	
Low Income Home Energy Assistance Program (LIHEAP)	\$2,900,000
LIHEAP Leveraging	\$421,000
LIHEAP Weatherization Assistance Program, Department of Commerce	\$542,000
Weatherization Assistance Program (WAP)	\$1,400,000
<i>State Programs</i>	
Neighbors Helping Neighbors (NHN)	\$52,000
Utility Repair, Replacement, and Deposit (URRD)	\$257,000
<i>Utility and Private Programs</i>	
Rate Discounts	\$5,800,000
Weatherization, Energy Education, Bill Assistance	\$770,000
TEP Low Income Fund for Emergencies (LIFE) "Trust" Fund	\$240,000
Help with Emergency Energy Relief Operation (HEERO)/Service to Help Arizonans with Relief on Energy (SHARE)	\$3,000,000 - \$5,000,000

Program Descriptions

Low Income Home Energy Assistance Program (LIHEAP) - This program is federally funded and provides bill assistance to low income customers who need help to pay their heating and cooling utility bills. Assistance can be used to pay the current month's electric or gas bill, a past due bill, a utility deposit, late fees, and reconnect fees. Assistance is limited to once a year and up to \$300 per year.

Low Income Home Energy Assistance Program Leveraging - This is a competitive award/allocation from the federal LIHEAP program. The dollar amount received in a given state under this program is based on the generation/ creation/acquisition of non-federal funds or in-kind services that directly benefit low income people. Rate discounts, bill assistance, weatherization, etc. that are funded by the state or utilities or any non-federal source qualify.

Low Income Home Energy Assistance Program - Weatherization Assistance Program, Department of Commerce (LIHEAP - WAP, DOC) - 15 percent of the state LIHEAP allocation is used to augment the WAP program operated by the Department of Commerce, Energy Office because weatherization is a long term solution to affordability. The two federal funding sources for WAP are the Department of Energy (DOE-WAP) and the Department of Health and Human Services (LIHEAP-WAP).

Weatherization Assistance Program (WAP) - WAP is a federal program that provides funding for the non-emergency installation of energy conservation measures in low income households. Low income homes are eligible for this program once in a lifetime. The WAP program is operated by the Arizona Department of Commerce, Energy Office. The WAP program focuses on cost-effectiveness.

Neighbors Helping Neighbors (NHN) - NHN is a voluntary program which allows taxpayers to contribute money on their state tax returns to this program. The program was established by the State Legislature in 1992. NHN funding supplements LIHEAP and WAP funding.

Utility Repair, Replacement, and Deposit (URRD) - URRD is a program funded by unclaimed utility deposits. The program was established by the State Legislature in 1989. URRD money goes to the Department of Economic Security, which then distributes it to community action agencies. URRD provides emergency assistance to low income customers who need to make a utility deposit or have a heating or cooling related appliance or system repaired or replaced. Assistance is limited to once a year and \$600 per year.

Rate Discounts - Rate Discount programs generally provide the low income customer a percentage discount off of their electric bill. The size of the discount varies by the number of kWh's consumed. Some utilities also have rate discount programs targeted at senior citizens and customers who use medical life support equipment. Some utilities provide a flat discount which is targeted at those customers whose usage exceeds the allowable cap and who live in energy inefficient housing.

Weatherization - Weatherization programs assist low income customers by upgrading the energy efficiency of the customer's home. Depending upon the program requirements, weatherization programs may include measures such as caulking, weatherstripping, outlet gaskets, hot water heater wraps, shade screens, insulation, ducting repairs, motor repairs, window replacements, and set back thermostats. It may also include a health and safety component which allows some general repairs. Weatherization includes but is not limited to DSM measures and incorporates the societal test to measure cost-effectiveness.

Bill Assistance - Bill assistance programs provide funding to assist low income customers in emergency situations where they are unable to pay their utility bill. Bill assistance may be used to pay various customer bills including the current month's electric or gas bill, a past due bill, a utility deposit, late fees, and/or reconnect fees.

Energy Education - Energy Education involves providing utility customers with information on a variety of energy usage and energy conservation topics. Energy education is generally not a stand-alone low income program, but rather is one aspect of many of the other low income programs. It ranges from one on one in-home education to group workshops to a brief in-office session.

TEP Low Income Fund for Emergencies (LIFE) "Trust" Fund - This program provides utility bill assistance to TEP's low income customers in Pima County. LIFE is funded by interest on a \$4.5 million fund provided by TEP shareholders. LIFE is administered by the Salvation Army.

Help with Emergency Energy Relief Operation (HEERO) - This program provides crisis oriented bill assistance to utility customers in TEP's service territory. The HEERO program is funded by customer donations on their monthly TEP bill. The Salvation Army administers the HEERO program.

Service to Help Arizonans with Relief on Energy (SHARE) - This program provides crisis oriented bill assistance to utility customers statewide. The SHARE program is funded by utility, customer, and employee donations. The Salvation Army administers the SHARE program. Arizona Public Service, Salt River Project, and Southwest Gas participate in the SHARE program.

Arizona Electric Utilities - Residential Customers

Utility	Class of Ownership	Affected Utility?	Residential Customers ¹
Ajo Improvement Co.	Investor-Owned	Yes	825
Arizona Electric Power Cooperative	Cooperative	Yes	0
Arizona Public Service Co.	Investor-Owned	Yes	680,478
Citizens Utilities Co.	Investor-Owned	Yes	53,772
Colorado River Indian Irrigation Project	Federal	No	3,130 ²
Columbus Electric Cooperative	Cooperative	No	269
Continental Divide Electric Cooperative	Cooperative	No	1,177
Dixie Escalante Rural Electric Association	Cooperative	No	702 ³
Duncan Valley Electric Cooperative	Cooperative	Yes	1,673
Electric District Number 2	Publicly Owned	No	2,126 ²
Electric District Number 4	Publicly Owned	No	125 ²
Electric District Number 5	Publicly Owned	No	150 ²
City of Fredonia	Publicly Owned	No	485 ²
Garkane Power Association	Cooperative	No	323
Graham County Electric Cooperative	Cooperative	Yes	5,687
City of Mesa	Publicly Owned	No	13,114 ²
Mohave Electric Cooperative	Cooperative	Yes	24,802
Morenci Water and Electric Co.	Investor-Owned	Yes	2,037
Navajo Tribal Utility Authority	Publicly Owned	No	20,238 ²
Navopache Electric Cooperative	Cooperative	Yes	24,531
Page Electric Utility	Publicly Owned	No	2,964 ²
City of Safford	Publicly Owned	No	3,108 ²
Salt River Project	Publicly Owned	No	589,031 ⁴
Sulphur Springs Valley Electric Cooperative	Cooperative	Yes	32,828
Town of Thatcher	Publicly Owned	No	705 ²
Tohono O'Odham Utility Authority	Publicly Owned	No	2,520 ²
Trico Electric Cooperative	Cooperative	Yes	19,513
Tucson Electric Power Co.	Investor-Owned	Yes	287,857
USBIA - San Carlos Project	Federal	No	10,522 ²
Wellton-Mohawk Irrigation and Drainage District	Publicly Owned	No	2,090 ²
Town of Wickenburg	Publicly Owned	No	922 ²
State Total	-	-	1,787,704

¹ Customer numbers are from December, 1997, as reported in each utility's annual report, unless otherwise noted.

² Customer numbers are from 1996, as reported by the Energy Information Administration.

³ Customer numbers are from December, 1996, as reported by Dixie Escalante Rural Electric Association in its annual report.

⁴ Customer numbers from April, 1997 as provided by Salt River Project.